



State of Utah
DEPARTMENT OF COMMERCE
DIVISION OF PUBLIC UTILITIES

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December 17, 1993

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DEC 23 1993

FCC - MAIL ROOM

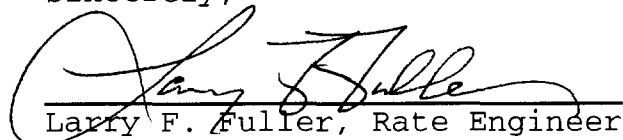
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 "M" Street, NW, Rm. 222
Washington, D.C. 20554

Re: Comments for FCC Docket 92-296

Attached are the original and nine copies of the comments of the Utah Division of Public Utilities to the FCC order inviting comments for Docket No. 92-296.

Due to other case work load the Division was unable to file comments directly with the Commission on December 17, 1993. A copy was fax'ed to you and the other FCC divisions and the International Transcription Service on that date. We therefore respectfully request Commission acceptance of our official late filed comments.

Sincerely,


Larry F. Fuller, Rate Engineer

cc: Public Service Commission
Connie White, Executive Director
Frank Johnson, Division Director
Fatina Franklin, FCC Accounting & Auditing Division
Judith Nitsche, FCC Tariff Review Division
FCC International Transcription Service

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON D.C. 20554**

92-296

IN THE MATTER OF THE SIMPLIFICATION
OF THE DEPRECIATION PRESCRIPTION
PROCESS

DOCKET NO. 92-296

DEC 23 1993

December **FCC - MAIL ROOM**

COMMENTS BY:

STATE OF UTAH

DEPARTMENT OF COMMERCE

DIVISION OF PUBLIC UTILITIES

The Utah Division of Public Utilities generally supports the FCC objective to streamline interstate depreciation prescription for for all Local Exchange Carriers (LEC) and Interexchange Carriers. We agree that the proposed treatment of AT&T (and other regulated interexchange carriers) should be different than LEC's due to major differences in the network infrastructures, markets being served, the level of experienced competition in those markets, and the levels of past corporate committment to replace and upgrade the network infrastructure.

The LEC have not experienced the level of competition that justifies the price cap methodology adopted for AT&T, since these companies still maintain monopoly bottlenecks and great market power. In the case of US West, the past limited committment to total network modernization and equipment replacements during the 1986 to 1990 period has acted to extend equipment and facilities lives well beyond those of AT&T and the other interexchange carriers. Therefore, depreciation lives must reflect the factual historic conditions and the projected corporate committments.

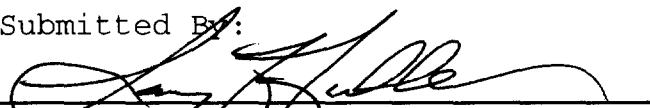
We support the FCC proposed method of establishing a range of reasonable lives and net salvage values for simplifying future adjustments for all accounts. We generally concur in the proposed range of rates for the accounts included in the order. However, the major accounts that have caused most of the past disagreements between carriers and regulators are excluded. Therefore, real simplification and potential time and expense savings of the process cannot be realized without all accounts being included in the process. Since there are situations where a specific carrier will require special considerations for a short period of time, the rules should include some guidance for exception situations.

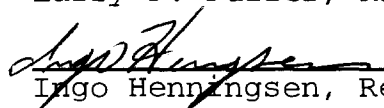
The FCC decision to establish different rules and ranges for LEC's based on the form by which the carriers are regulated does cause us concern. The FCC form of regulation of a carrier is generally different than the specific form of regulation approved by state Commission's, however, the same network infrastructure is being treated. We would propose that all LEC be included in the final method. The initial range of reasonable lives and salvage values could be modified, if necessary, to incorporate any significant differences in the projected lives caused by differences in the forms of regulation. The initial lives and salvages values approved for each company within the ranges should also reflect any differences caused by past investment decisions based on the forms of regulation.

Current forms of intrastate regulation are different because of the inability of the LEC to prove to regulators and legislators that all service areas are experiencing the same levels of competition and modernization demands. However, the general direction of local competition, and the requirements to modernize networks to meet overall national and international market and

technology demands, is now effecting all LEC service areas. Corporations that continue to make investment decisions based on the current forms of regulation are committing compatibility and competitive suicide for the future.

Submitted By:


Larry F. Fuller, Rate Engineer


Ingo Henningsen, Regulatory Analyst

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